

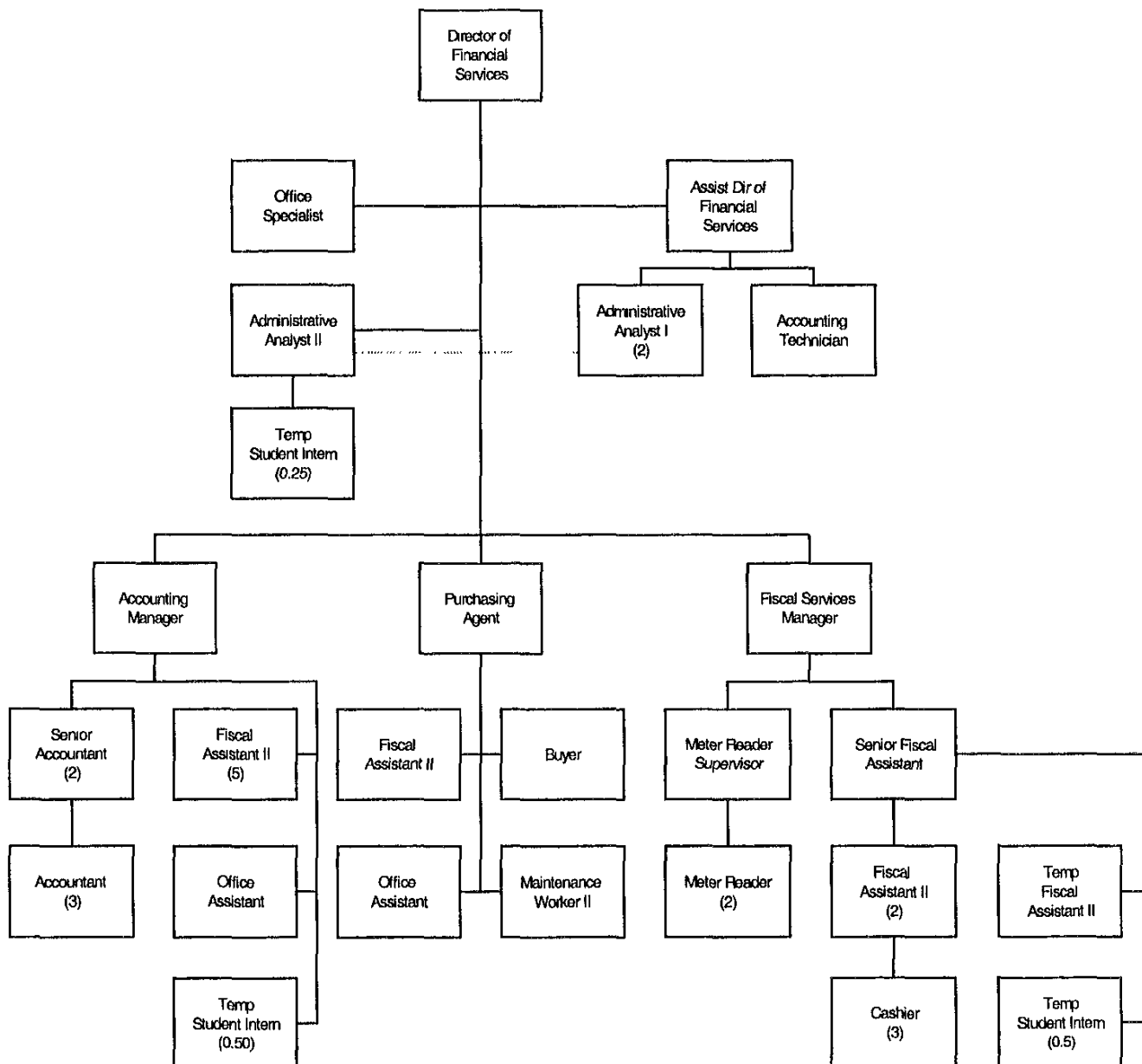
# Finance

## Mission Statement

The Finance Department is dedicated to providing accurate, credible and timely financial information and service to the residents and business community and to other City departments.

## Divisions

Administration  
Accounting Services  
Fiscal Services  
Purchasing



## FINANCE OVERVIEW

	<u>Actual 2002-03</u>	<u>Actual 2003-04</u>	<u>Budget 2004-05</u>	<u>Approved 2005-06</u>
<b>Expenditure by Division</b>				
Administration	873,849	720,852	688,393	678,797
Accounting Services	938,444	1,020,944	1,213,307	1,178,730
Fiscal Services	815,629	798,008	926,190	847,105
Purchasing	<u>473,665</u>	<u>488,510</u>	<u>562,042</u>	<u>555,240</u>
<b>Total</b>	3,101,587	3,028,314	3,389,932	3,259,872
<b>Expenditure by Function</b>				
Administration	873,849	720,852	688,393	678,797
Accounting Services	938,444	1,020,944	1,213,307	1,178,730
Receivables	471,287	408,256	540,276	409,044
Utilities	344,342	389,752	385,914	438,061
Purchasing	<u>473,665</u>	<u>488,510</u>	<u>562,042</u>	<u>555,240</u>
<b>Total</b>	3,101,587	3,028,314	3,389,932	3,259,872
<b>Expenditure By Object</b>				
Personnel Services	2,532,954	2,560,884	3,030,102	2,908,292
Services and Supplies	568,421	465,150	359,830	351,580
Capital Outlay	<u>212</u>	<u>2,280</u>	<u>0</u>	<u>0</u>
<b>Total</b>	3,101,587	3,028,314	3,389,932	3,259,872

\_\_\_\_\_ 2005-2006 FINAL BUDGET \_\_\_\_\_

\_\_\_\_\_ CITY OF MILPITAS, CALIFORNIA \_\_\_\_\_

DEPARTMENT: Finance

		Actual 2002-03	Actual 2003-04	Budget 2004-05	Approved 2005-06
<b>PERSONNEL SERVICES</b>					
4111	Permanent Salaries	1,845,617	1,890,481	2,531,210	2,602,020
4112	Temporary Salaries	233,783	209,488	318,000	235,981
4113	Overtime	16,323	7,614	28,000	23,500
4121	Allowances	6,505	6,281	6,480	6,480
4124	Leave Cashout	14,410	7,888	0	0
4131	PERS	133,871	145,672	327,484	419,795
4132	Group Insurance	205,752	224,575	389,616	377,648
4133	Medicare	27,632	28,650	39,345	40,605
4135	Worker's Compensation	26,495	20,062	22,930	23,269
4138	Deferred Comp	21,380	19,689	27,000	27,000
4139	PARS	1,186	484	420	730
4142	Vacancy Factor	0	0	(551,573)	(629,778)
4143	Charged to CIPs	0	0	(108,810)	(109,513)
4144	Reduced Funding, Personnel	0	0	0	(109,445)
	<b>Total</b>	<b>2,532,954</b>	<b>2,560,884</b>	<b>3,030,102</b>	<b>2,908,292</b>
<b>SERVICES AND SUPPLIES</b>					
4211	Equip Replimnt Amortization	17,854	14,343	16,345	20,315
4220	Supplies	148,314	106,398	158,830	153,300
4230	Services	386,781	333,281	166,260	190,855
4410	Communications	691	505	1,290	700
4501	Memberships & Dues	1,886	1,652	3,780	3,710
4503	Training	12,895	8,971	13,325	14,950
4681	Reduced Funding, Svcs/Sup	0	0	0	(32,250)
	<b>Total</b>	<b>568,421</b>	<b>465,150</b>	<b>359,830</b>	<b>351,580</b>
<b>CAPITAL OUTLAY</b>					
4851	Vehicles	0	0	0	0
4870	Machinery & Equipment	0	0	0	0
4911	Office Furniture and Fixtures	0	0	0	0
4920	Machinery, Tools & Equip	212	2,280	0	0
	<b>Total</b>	<b>212</b>	<b>2,280</b>	<b>0</b>	<b>0</b>
	<b>Total Expenditures</b>	<b><u>3,101,587</u></b>	<b><u>3,028,314</u></b>	<b><u>3,389,932</u></b>	<b><u>3,259,872</u></b>

**DEPARTMENT:** 3 Finance  
**DIVISION:** 30 Finance Administration

**FINANCE DIRECTOR:** Emma Karlen

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**Division Description**

This division provides the overall management, organization, planning and administration of the Finance Department. Division responsibilities include: the preparation of the Budget document, financial planning, debt administration, fiscal analysis, internal audits, administration of the Redevelopment Agency and internal control systems and oversight of the City and Agency's investment portfolio and cash management. This division also provides risk management services and monitors all tort claims against the City.

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<b>Performance Indicators</b>	<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Projected 2004-05</b>	<b>Estimated 2005-06</b>
Percent of tort claims resolved within 180 days	N/A	89%*	90%	90%
Number of internal audits completed	1	1	1	1
Budget Awards Received	Yes	Yes	Yes	Yes

\* Began tracking.

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**2004-2005 Accomplishments**

1. Conducted an actuarial study on retiree medical benefits and provided recommendation to the City Council.
2. Led in the citywide efforts to form a Community Facility District in connection with the Mid-town development.
3. Completed an in depth analysis of the Equipment Fund and reviewed the Citywide equipment funding needs.
4. Received awards for "Excellence in Financial Reporting" and "Distinguished Budget Presentation" from the Government Finance Officer's Association and the California Society of Municipal Finance Officers.
5. Continued to maintain the City's investment objectives of safety and competitive returns while ensuring that there is sufficient liquidity to meet the City's cash flow needs.
6. Initiated the second phase of a cross training program of professional staff in budget preparation to enhance flexibility.

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**2005-2006 Objectives**

1. Obtain the "Distinguished Budget Presentation" award from the Government Finance Officer's Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).
2. Continue to maintain the City's investment objectives of safety and competitive returns while ensuring that there is sufficient liquidity to meet the City's cash flow needs.
3. Complete the second phase of cross training program of professional staff in budget preparation.
4. Resolve tort claims against the City within 180 days from the date of the claim.
5. Assist in the Redevelopment Agency Five-Year Implementation Plan update.

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**Personnel Allotment**

This division is staffed by: (1) Director of Financial Services/Treasurer, (1) Assistant Director of Financial Services, (3) Administrative Analyst I/II's, (1) Accounting Technician and (1) Office Specialist. Temporary staff includes: (1) Student Intern.

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**Personnel Changes**

No change was requested.

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**Expenditure Analysis**

Personnel Services: \$603,317 will provide staffing for this division.  
Services and Supplies: \$75,480 will provide for departmental office supplies centralized in this division, \$51,800 is for contractual services for banking services, investment program maintenance, budget system maintenance and on-line market pricing.  
Capital Outlay: No capital outlay was requested.

DEPARTMENT: Finance  
DIVISION: Finance Administration

		Actual 2002-03	Actual 2003-04	Budget 2004-05	Approved 2005-06
<b>PERSONNEL SERVICES</b>					
4111	Permanent Salaries	361,527	415,833	638,211	676,964
4112	Temporary Salaries	98,020	(331)	12,000	8,000
4113	Overtime	0	109	2,000	0
4121	Allowances	0	0	0	0
4124	Leave Cashout	769	3,937	0	0
4131	PERS	29,912	29,184	74,030	102,687
4132	Group Insurance	33,086	36,736	80,976	75,438
4133	Medicare	5,743	6,132	9,520	10,023
4135	Worker's Compensation	4,547	3,182	3,251	3,425
4138	Deferred Comp	3,822	3,988	6,300	6,300
4139	PARS	177	0	180	120
4142	Vacancy Factor	0	0	(226,805)	(271,364)
4143	Charged to CIPs	0	0	0	0
4144	Reduced Funding, Personnel	0	0	0	(8,276)
	<b>Total</b>	<b>537,603</b>	<b>498,770</b>	<b>599,663</b>	<b>603,317</b>
<b>SERVICES AND SUPPLIES</b>					
4211	Equip Replmnt Amortization	0	0	0	0
4220	Supplies	25,336	20,694	28,000	28,000
4230	Services	303,142	193,533	52,900	51,800
4410	Communications	138	154	180	180
4501	Memberships & Dues	1,391	1,057	2,650	2,650
4503	Training	6,239	6,644	5,000	5,000
4681	Reduced Funding, Svcs/Sup	0	0	0	(12,150)
	<b>Total</b>	<b>336,246</b>	<b>222,082</b>	<b>88,730</b>	<b>75,480</b>
<b>CAPITAL OUTLAY</b>					
4851	Vehicles	0	0	0	0
4870	Machinery & Equipment	0	0	0	0
4911	Office Furniture and Fixtures	0	0	0	0
4920	Machinery, Tools & Equip	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Expenditures</b>	<b>873,849</b>	<b>720,852</b>	<b>688,393</b>	<b>678,797</b>

**DEPARTMENT:** 3 Finance  
**DIVISION:** 31 Accounting Services

**FINANCE DIRECTOR:** Emma Karlen  
**ACCOUNTING SRVCS MGR:** Jane Corpus

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**Division Description**

This division maintains and coordinates the financial system, provides both internal and external financial reporting and serves as the primary external audit liaison. Division responsibilities include performance of financial analysis, issuance of payroll checks, benefit payments, compliance with Federal and State regulations related to financial reporting, grant reporting and processing of payments for goods and services provided.

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<b>Performance Indicators</b>	<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Projected 2004-05</b>	<b>Estimated 2005-06</b>
Receive awards	Yes	Yes	Yes	Yes
Average number of days management reports are distributed after month end	12	15	15	15
Average turn around time of A/P invoices	5	5	5	5
Audit adjustments	6	4	6	6
System generated Payroll checks	16,215	16,075	17,500	16,500
Manually calculated Payroll checks	44	30	34	34
Accounts Payable invoices processed	21,483	18,161	22,000	22,000

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**2004-2005 Accomplishments**

1. Received the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officer's Association (GFOA) and the "Outstanding Financial Reporting" certificate from the California Society of Municipal Finance Officers (CSMFO).
  2. Implemented document imaging for payroll timesheet files.
  3. Created 91 system reports for the department to streamline work processes.
  4. Monitored private jobs, grants and other agreements and collected approximately \$4.4 million.
  5. Continued to cross train staff to enhance flexibility of staffing.
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**2005-2006 Objectives**

1. Receive the "Certificate of Achievement for Excellence in Financial Reporting" from the GFOA and the "Outstanding Financial Reporting" certificate from the CSMFO.
  2. Provide accurate and timely information to assist departments in monitoring their budget by distributing monthly management reports within 15 days from month-end.
  3. Process accounts payable invoices within 5 working days from the date of department's approval.
  4. Continue to cross train staff to enhance flexibility of staffing and update desk manuals.
  5. Continue to identify and create system reports to streamline work processes in Finance
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**Personnel Allotment**

This division is staffed by: (1) Accounting Services Manager, (2) Senior Accountants, (3) Accountants, (5) Fiscal Assistant I/II's and (1) Office Assistant I/II. Temporary Staff include: (1) part-time Accountant (funded by CIPs) and (2) part time Student Interns.

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**Personnel Changes**

No change was requested.

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**Expenditure Analysis**

Personnel Services: \$1,148,660 will provide staffing for this division.  
Services and Supplies: \$19,250 will provide for report preparation required by the State and ongoing maintenance of the financial system.  
Capital Outlay: No capital outlay was requested.

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**DEPARTMENT:** Finance  
**DIVISION:** Accounting Services

		Actual 2002-03	Actual 2003-04	Budget 2004-05	Approved 2005-06
<b>PERSONNEL SERVICES</b>					
4111	Permanent Salaries	681,272	736,641	908,542	926,351
4112	Temporary Salaries	73,422	75,918	148,000	88,445
4113	Overtime	5,517	5,548	6,000	6,000
4121	Allowances	6,505	6,281	6,480	6,480
4124	Leave Cashout	(5,441)	0	0	0
4131	PERS	48,084	54,928	121,023	148,119
4132	Group Insurance	71,522	85,840	138,816	130,648
4133	Medicare	11,128	12,104	15,571	14,962
4135	Worker's Compensation	7,216	5,369	5,283	5,073
4138	Deferred Comp	8,859	8,723	10,800	10,800
4139	PARS	538	516	210	580
4142	Vacancy Factor	0	0	(71,438)	(79,285)
4143	Charged to CIPs	0	0	(108,810)	(109,513)
4144	Reduced Funding, Personnel	0	0	0	0
	<b>Total</b>	<b>908,622</b>	<b>991,868</b>	<b>1,180,477</b>	<b>1,148,660</b>
<b>SERVICES AND SUPPLIES</b>					
4211	Equip Replmnt Amortization	0	0	0	0
4220	Supplies	6,267	5,399	6,580	7,250
4230	Services	16,898	19,383	19,225	19,250
4410	Communications	108	113	0	120
4501	Memberships & Dues	265	365	750	400
4503	Training	6,284	2,131	6,275	6,300
4681	Reduced Funding, Svcs/Sup	0	0	0	(3,250)
	<b>Total</b>	<b>29,822</b>	<b>27,391</b>	<b>32,830</b>	<b>30,070</b>
<b>CAPITAL OUTLAY</b>					
4851	Vehicles	0	0	0	0
4870	Machinery & Equipment	0	0	0	0
4911	Office Furniture and Fixtures	0	0	0	0
4920	Machinery, Tools & Equip	0	1,685	0	0
	<b>Total</b>	<b>0</b>	<b>1,685</b>	<b>0</b>	<b>0</b>
	<b>Total Expenditures</b>	<b>938,444</b>	<b>1,020,944</b>	<b>1,213,307</b>	<b>1,178,730</b>



DEPARTMENT: 3 Finance  
DIVISION: 32 Fiscal Services

FINANCE DIRECTOR: Emma Karlen  
FISCAL SRVCS MGR: Vacant

### Division Description

This division includes Receivables and Utility functions. Receivables function maintains cash collecting, utility billing, business licensing and miscellaneous invoicing. The Utility function provides meter reading of residential, commercial and industrial meters for water and sewer use to enable bi-monthly invoices for water, sewer and solid waste charges.

Performance Indicators	Actual 2002-03	Actual 2003-04	Projected 2004-05	Estimated 2005-06
Average time deposits processed (days)	1	1	1	1
Utility billing amount accuracy:	NA	NA	NA	95%*
Utility accounts read and billed	109,242	93,945	95,000	96,000
Utility accounts turned on and off	3,642	4,249	1,235	1,300
Business licenses issued	5,249	5,909	5,500	5,600
Miscellaneous invoices	2,043	2,825	2,900	3,000
Credit cards or on-line payments	3,708	8,254	9,000	9,000
% of accurate meter reads	99.9%	99.9%	99.9%	99.9%
Hotel rooms/TOT** collected (millions)	2,724/\$5.0	2,724/\$4.7	2,724/\$5.6	2,724/\$5.8
* Implemented new utility system.				
**TOT is Transient Occupancy Taxes				

### 2004-2005 Accomplishments

1. Converted the utility billing system to a new utility management system.
2. Upgraded the business license system to the latest version.
3. Utilized features in the new utility system to eliminate paper and manual tickler files.
4. Continued to cross train staff to enhance flexibility of staffing.
5. Provided 99.9% accuracy on initial reads.
6. Implemented late payment and reconnection fees for utility accounts in accordance to approved City ordinance.

### 2005-2006 Objectives

1. Continue to cross train staff and update desk manuals.
2. Develop procedures for receivable accounts that filed for bankruptcy.
3. Streamline new business license application forms by eliminating duplication and adding pertinent information requirements to assist Planning efforts.
4. Continue to provide 99.9% accuracy on initial meter reads.
5. Complete 700 maintenance jobs (consisting of brush trimming, meter box dig-outs and meter box lid replacements) at meter locations.

### Personnel Allotment

This division is staffed by: (1) Fiscal Services Manager, (1) Senior Fiscal Assistant, (2) Fiscal Assistant I/II's, (3) Cashiers, (1) Meter Reader Supervisor and (2) Meter Readers. Temporary staff includes: (3) Clerical support positions and (1) part time Student Intern.

### Personnel Changes

No change was requested.

### Expenditure Analysis

Personnel Services: \$684,166 will provide staffing for this division.  
Services and Supplies: \$39,400 will provide for supplies, utility bill postage and mandated clothing requirements. \$97,480 is for consultant services, copier maintenance, credit card processing cost, water and sewer funds contractual services related to the Utility Billing production and payment processing, automatic payment processing and supplies. \$17,800 will provide for system maintenance and repairs.  
Capital Outlay: No capital outlay was requested.

DEPARTMENT: Finance  
DIVISION: Fiscal Services

		Actual 2002-03	Actual 2003-04	Budget 2004-05	Approved 2005-06
<b>PERSONNEL SERVICES</b>					
4111	Permanent Salaries	494,072	415,536	627,964	648,653
4112	Temporary Salaries	62,341	133,743	158,000	139,536
4113	Overtime	10,806	1,957	18,000	17,500
4121	Allowances	0	0	0	0
4124	Leave Cashout	17,978	1,633	0	0
4131	PERS	35,248	38,874	91,052	115,855
4132	Group Insurance	59,785	54,959	112,908	115,374
4133	Medicare	7,503	7,048	10,505	10,493
4135	Worker's Compensation	10,466	8,307	10,417	10,723
4138	Deferred Comp	5,120	3,489	6,300	6,300
4139	PARS	471	(32)	30	30
4142	Vacancy Factor	0	0	(253,330)	(279,129)
4143	Charged to CIPs	0	0	0	0
4144	Reduced Funding, Personnel	0	0	0	(101,169)
	<b>Total</b>	<b>703,790</b>	<b>665,514</b>	<b>781,846</b>	<b>684,166</b>
<b>SERVICES AND SUPPLIES</b>					
4211	Equip Replmnt Amortization	7,629	6,129	6,984	11,784
4220	Supplies	39,175	7,082	45,600	39,400
4230	Services	64,932	118,442	89,860	115,280
4410	Communications	53	0	150	150
4501	Memberships & Dues	50	50	200	200
4503	Training	0	196	1,550	1,350
4681	Reduced Funding, Svcs/Sup	0	0	0	(5,225)
	<b>Total</b>	<b>111,839</b>	<b>131,899</b>	<b>144,344</b>	<b>162,939</b>
<b>CAPITAL OUTLAY</b>					
4851	Vehicles	0	0	0	0
4870	Machinery & Equipment	0	0	0	0
4911	Office Furniture and Fixtures	0	0	0	0
4920	Machinery, Tools & Equip	0	595	0	0
	<b>Total</b>	<b>0</b>	<b>595</b>	<b>0</b>	<b>0</b>
<b>Total Expenditures</b>		<b>815,629</b>	<b>798,008</b>	<b>926,190</b>	<b>847,105</b>

**DEPARTMENT:** 3 Finance  
**DIVISION:** 33 Purchasing

**FINANCE DIRECTOR:** Emma Karlen  
**PURCHASING AGENT:** Christopher Schroeder

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### Division Description

This division provides a full range of procurement services to purchase larger valued goods and services at competitive prices and to ensure requesters comply with Federal and State laws and City ordinances. This division maintains a central stores warehouse, oversees the sale of the City's surplus property, provides the City's internal mail service and administers stockless warehousing programs for various types of supplies.

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Performance Indicators	Actual 2002-03	Actual 2003-04	Projected 2004-05	Estimated 2005-06
Invitation for bids processed	9	6	6	12
Request for proposals processed	4	2	6	8
Request for quotations	31	14	30	35
Purchase orders/Change orders generated	1,098	724	732	825
Store requisitions processed	524	424	434	425
Percent of requisitions between \$2,000 And \$5,000 processed within 7 days	N/A	N/A	N/A	90%*

\* Began tracking.

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### 2004-2005 Accomplishments

1. Updated Emergency Operations Center emergency supplier contact list and worked with the County and State to identify additional resources.
2. Obtained all the food and related supplies for the CEPAC annual mass feeding exercise.
3. Using the City's website, developed an on-line vendor registration system that automatically updates approved applications to the Purchasing bidders list database.

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### 2005-2006 Objectives

1. Continue to develop meaningful performance measures that accurately reflect the division's activities and efficiencies.
2. Develop a comprehensive Purchasing SOP for citywide distribution and training.
3. Ensure that user departments are in compliance with all applicable administrative regulations, State and Municipal Codes while providing timely and cost-effective procurement of goods and services.

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### Personnel Allotment

This division is staffed by: (1) Purchasing Agent, (1) Buyer, (1) Fiscal Assistant II, (1) Office Assistant II and (1) Maintenance Worker II.

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### Personnel Changes

No change was requested.

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### Expenditure Analysis

Personnel Services: \$472,149 will provide staffing for this division.  
Services and Supplies: \$67,500 will provide for citywide postage, mailing permits and United Parcel Services. \$300 is for mandated clothing requirements and \$1,900 is for advertising and miscellaneous supplies.  
Capital Outlay: No capital outlay was requested.

DEPARTMENT: Finance  
DIVISION: Purchasing

		Actual 2002-03	Actual 2003-04	Budget 2004-05	Approved 2005-06
<b>PERSONNEL SERVICES</b>					
4111	Permanent Salaries	308,746	322,471	356,493	350,052
4112	Temporary Salaries	0	158	0	0
4113	Overtime	0	0	2,000	0
4121	Allowances	0	0	0	0
4124	Leave Cashout	1,104	2,318	0	0
4131	PERS	20,627	22,686	41,379	53,134
4132	Group Insurance	41,359	47,040	56,916	56,188
4133	Medicare	3,258	3,366	3,749	5,127
4135	Worker's Compensation	4,266	3,204	3,979	4,048
4138	Deferred Comp	3,579	3,489	3,600	3,600
4139	PARS	0	0	0	0
4142	Vacancy Factor	0	0	0	0
4143	Charged to CIPs	0	0	0	0
4144	Reduced Funding, Personnel	0	0	0	0
	<b>Total</b>	<b>382,939</b>	<b>404,732</b>	<b>468,116</b>	<b>472,149</b>
<b>SERVICES AND SUPPLIES</b>					
4211	Equip Replmnt Amortization	10,225	8,214	9,361	8,531
4220	Supplies	77,536	73,223	78,650	78,650
4230	Services	1,809	1,923	4,275	4,525
4410	Communications	392	238	960	250
4501	Memberships & Dues	180	180	180	460
4503	Training	372	0	500	2,300
4681	Reduced Funding, Svcs/Sup	0	0	0	(11,625)
	<b>Total</b>	<b>90,514</b>	<b>83,778</b>	<b>93,926</b>	<b>83,091</b>
<b>CAPITAL OUTLAY</b>					
4851	Vehicles	0	0	0	0
4870	Machinery & Equipment	0	0	0	0
4911	Office Furniture and Fixtures	0	0	0	0
4920	Machinery, Tools & Equip	212	0	0	0
	<b>Total</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Expenditures</b>	<b>473,665</b>	<b>488,510</b>	<b>562,042</b>	<b>555,240</b>

2005-2006 FINAL BUDGET

CITY OF MILPITAS, CALIFORNIA